

**MISSIONERS**  
ROBERT "BOB" BURNS  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON



ROBERT "BOB" BURNS  
Chairman

**ARIZONA CORPORATION COMMISSION**

April 28, 2020

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

RE: DRAFT BLANKET ACCOUNTING ORDER FOR TRACKING COVID-19  
EXPENSES (DOCKET NO. AU-00000A-20-0094)

Commissioners and Interested Parties:

Attached is a draft version of an order that would allow (not mandate) Arizona Corporation Commission ("Commission") regulated utilities to track and record costs that they incur that are directly due to the current COVID-19 pandemic. The order would allow the utilities that choose to properly account for these costs, to request recovery in a future rate proceeding before the Commission. The order creates no guarantee of recovery of any portion of these costs, but merely allows the utilities to request recovery that would otherwise not be recoverable because the costs occurred outside of a test year.

I look forward to discussing this draft order and getting input from all concerned at the Commission's May 6, 2020 Special Open Meeting.

Sincerely,

Bob Burns  
Chairman

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 ROBERT "BOB" BURNS – Chairman  
4 BOYD DUNN  
5 SANDRA D. KENNEDY  
6 JUSTIN OLSON  
7 LEA MÁRQUEZ PETERSON

8 IN THE MATTER OF THE COMMISSION'S  
9 ESTABLISHMENTS OF A PROCESS TO TRACK  
10 FINANCIAL IMPACTS OF COVID-19 ON  
11 REGULATED UTILITIES AND UTILITY  
12 CUSTOMERS IN ARIZONA.

DOCKET NO. AU-00000A-20-0094

DECISION NO. \_\_\_\_\_

**ORDER**

13 Special Open Meeting  
14 May 6, 2020  
15 Phoenix, Arizona

16 **BY THE COMMISSION:**

17 \* \* \* \* \*

18 Having considered the entire record herein and being fully advised in the premises, the Arizona  
19 Corporation Commission ("Commission") finds, concludes, and orders that:

20 **FINDINGS OF FACT**

21 **Introduction**

22 1. On March 11, 2020, Arizona Governor Doug Ducey issued a declaration of Public  
23 Health Emergency due to the necessity to prepare for, prevent, respond to, and mitigate the spread of  
24 the 2019 novel coronavirus ("COVID-19").

25 2. On March 12, 2020, the Commission opened Docket No. AU-00000A-20-0050  
26 (COMMISSION INQUIRY INTO UTILITY PREPAREDNESS PLANS TO ENSURE SAFE AND  
27 RELIABLE OPERATIONS DURING COVID-19)("COVID Preparedness Docket"). Since that date,  
28 public service corporations have been filing their responses to how their operations have, or will be,  
affected by the Public Health Emergency.

3. On March 19, 2020, Governor Ducey issued Executive Order 2020-09 Limiting the  
Operations of Certain Businesses to Slow the Spread of Covid-19, in which the Governor ordered the  
closure of certain businesses.

1           4.       On March 23, 2020, Governor Ducey issued Executive Order 2020-12, Prohibiting the  
2 Closure of Essential Services, among which public utilities were included as Essential Infrastructure  
3 Operations.

4           5.       On March 30, 2020, Governor Ducey issued Executive Order 2020-18, Stay Home, Stay  
5 Healthy, Stay Connected Physical Distancing to Mitigate COVID-19 Transmission, in which all  
6 individuals in Arizona were directed to limit their time away from their place of residence or property  
7 limited by the need to conduct Essential Activities and maintain Essential Functions.

8           6.       The COVID-19 pandemic has caused significant impacts, financial and physical, on  
9 Arizona citizens and businesses and the public service corporations and their employees that service  
10 them.

11          7.       On April 24, 2020 the Commission opened Docket No. AU-00000A-20-0094  
12 (COMMISSION ESTABLISHMENT OF A PROCESS TO TRACK THE FINANCIAL IMPACTS  
13 OF COVID-19 ON REGULATED UTILITIES AND THE UTILITY CUSTOMERS OF ARIZONA)  
14 ("COVID Financial Impact Docket").

15          8.       Both the COVID Preparedness and the COVID Financial Impact Dockets were opened  
16 due to COVID-19 and the Commission's concerns for the health and safety of utility customers, the  
17 regulated utilities, and their employees.

18          9.       The services provided by Arizona's public utilities regulated by the Commission are  
19 essential for the citizens of Arizona during this pandemic crisis.

20          10.       During this pandemic state of emergency, public utilities throughout Arizona have  
21 proactively implemented measures to assist customers who are experiencing financial hardships related  
22 to the COVID-19 pandemic. To facilitate the review and possible recovery of prudently incurred costs  
23 associated with utilities' efforts to accommodate customers during this time of uncertainty, including  
24 costs associated with such things as suspending the termination, discontinuance, and/or disconnection  
25 of services, the Commission, within this decision, will allow all rate-regulated jurisdictional utilities to  
26 track such costs for review in future rate proceedings before the Commission.

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1 **Emergency Order**

2       11. The Commission is responsible for supervising and regulating the operation and  
3 maintenance of public service corporations, including providing for their safe, economic, efficient,  
4 prudent, and reliable operation and service.

5       12. The provision of public utility service is an essential service necessary for the health  
6 and safety of the public and ensuring the continued provision of essential public utility services to  
7 customers affected by COVID-19 promotes public safety and assists in mitigating the effects of the  
8 virus.

9       13. Issuance of this order is appropriate under the unique circumstances presented by  
10 COVID-19.

11       14. Accordingly, pursuant to this Decision, the Commission will allow all of the rate-  
12 regulated public service corporations within its jurisdiction, including providers of electric, natural gas,  
13 water, wastewater, and telecommunications services, to begin recording, as of April 1, 2020, in  
14 regulatory asset accounts, amounts that reflect the costs of maintaining services to customers affected  
15 by COVID-19 whose service would have been terminated, discontinued, and/or disconnected under  
16 normally-applicable terms of service. Such regulatory asset accounts must be maintained in a manner  
17 that will allow costs to be readily identified in future Commission rate proceedings where the utilities  
18 may seek recovery of the reasonably and prudently incurred costs.

19       15. Nothing in this Order is intended to guarantee the recovery of all or any part of any costs  
20 incurred by any utility of costs recorded in the established regulatory asset accounts.

21       16. Recognizing the fluid nature of the current circumstances surrounding the COVID-19  
22 pandemic, the Commission will, as necessary, reevaluate this order and its terms.

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### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over public service corporations, including but not limited to the power to prescribe just and reasonable rates and charges and make and enforce reasonable orders for the convenience, comfort, and safety , and the preservation of the health of the employees and patrons of such corporations pursuant to Article 15 of the Arizona Constitution and A.R.S. Title 40, generally.

2. Notice of this Order was provided in accordance with Arizona law.

3. It is in the public interest to allow public service corporations regulated by the Commission to establish regulatory asset accounts for the purpose of recording amounts that reflect the costs, beginning April 1, 2020, of maintaining service to customers affected by COVID-19 whose service would have been terminated, discontinued, and/or disconnected under normally-applicable terms of service, and to allow the public service corporations to seek recovery of such costs in a future rate case.

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## ORDER

IT IS THEREFORE ORDERED that in accordance with the discussion herein, all rate-regulated public service corporations subject to the Commission's jurisdiction may establish regulatory asset accounts for the purpose of recording amounts that reflect the costs, beginning April 1, 2020, of maintaining service to customers affected by COVID-19 whose service would have been terminated, discontinued, and/or disconnected under normally-applicable terms of service.

IT IS FURTHER ORDERED that any public service corporation that chooses to establish a regulatory asset account for the purpose of recording amounts that reflects the costs covered by this order, may request recovery of such costs in a future rate proceeding before this Commission.

IT IS FURTHER ORDERED that nothing in this Decision shall be deemed to guarantee the recovery of all or any part of any costs incurred by any public service corporation of costs recorded in the established regulatory asset accounts.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN BURNS

COMMISSIONER DUNN

COMMISSIONER KENNEDY

COMMISSIONER OLSON

COMMISSIONER MARQUEZ PETERSON

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

MATTHEW J. NEUBERT  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT  
JLR/(gb) \_\_\_\_\_

